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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 02/04/09

INDEX:

- 1) Top headlines
- 2) Editorials
- 3) Prime Minister's daily schedule (Nikkei)
- 4) Secretary Clinton to make first official visit in mid-February, demonstrating the importance being placed on Japan (Nikkei)
- Aid diplomacy:
 - 5) Foreign Minister Nakasone in telephone call to counterpart pledges \$300 million in assistance to Afghanistan (Nikkei)
 - 6) Japan's aid to Gaza that includes blankets being held up in Egypt for already 10 days (Yomiuri)
 - 7) Japan to restart yen loans to Vietnam after six-year hiatus (Mainichi)
- Defense and security affairs:
 - 8) North Korea in preparing another possible Taepodong missile launch might be trying to elicit U.S. into negotiations (Sankei)
 - 9) Prime Minister Aso tries to avoid talking to reporters about the Taepodong missile launch possibility (Sankei)
 - 10) Democratic Party of Japan (DPJ) in meeting split on piracy issue (Sankei)
 - 11) Two destroyers chosen for anti-piracy mission in waters off Somalia and P-3C patrol planes being considered, too (Mainichi)
 - 12) Upper House Foreign Affairs Committee to tour U.S. bases in Okinawa (Yomiuri)
 - 13) Lower House Budget Committee: Text of Aso's exchanges on U.S.-Japan ties, North Korea, trade protectionism and environment (Mainichi)

14) Democratic Party of Japan President Ozawa's support groups took hefty political donation from shady construction company (Tokyo Shimbun)

15) DPJ uncovers that retired Agricultural Ministry official hopping to 6 organizations has raked in 320 million yen in additional income (Sankei)

16) Poll of 17 countries finds Japanese are the most pessimistic people about the future (Asahi)

17) Keidanren (Japan Business Federation) pulling its office out of Washington, DC, citing poor business climate (Tokyo Shimbun)

Articles:

1) TOP HEADLINES

Asahi:

Professors involved in medical dissertation screening at Tokyo Medical University receive cash reward worth about 100,000 yen

Mainichi:

Health Ministry panel urges prenatal care centers across Japan to emphasize saving lives of pregnant women

Yomiuri:

Police obtain arrest warrants on 22, including L&G chairman, over investment fraud

TOKYO 00000263 002 OF 010

Nikkei:

Elpida Memory mulls applying for public fund injection

Sankei:

Fujitsu to allow its employees to have second jobs

Tokyo Shimbun:

Nishimatsu Construction subsidy donated 8 million yen to three DPJ's Ozawa-affiliated organizations

Akahata:

Workers who lost jobs assemble in Nagoya from all over the nation: Government urged to adopt quick infusion to address situation

2) EDITORIALS

Asahi:

(1) Public servant system: Rough-and-ready decision will distort reform

(2) Purchase of bank-held stocks: Banks urged to reinforce their own capital base

Mainichi:

(1) Reform of public servant system: Show promise to root out amakudari (descent from heaven) practice by bureaucrats

(2) Court decision on Murakami, who was charged with insider trading: Appropriate rule to regulate investment funds needed

Yomiuri:

(1) Roadmap for reform of public servant system: Solid plan needed

(2) Murakami Fund: Murakami given suspended sentence, but still heavily responsible

Nikkei:

(1) Steadily move forward with reform of public servant system

(2) Murakami trial: Adjudicated guilty, but ...

Sankei:

(1) Public money into private companies: Why is it necessary for government to bail them out?

(2) Murakami Fund: Weight of guilty sentence

Tokyo Shimbun:

- (1) Reform of public servant system: Counterfeit reform will not produce results
- (2) Murakami Fund: Regret over age when market was regarded as ruling the world

Akahata:

(1) Package argument for U.S. Forces Japan realignment, which Urasoe Mayor failed to note at discussion meeting: Permanent presence of U.S. bases and disruption of development now clear

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, February 3

NIKKEI (Page 2) (Full)
February 4, 2009

06:41

TOKYO 00000263 003 OF 010

Met Deputy Chief Cabinet Secretary Matsumoto at the Kantei.

08:15

Attended a meeting of the Civil Service Reform Taskforce in the Diet Building. Later attended a cabinet meeting.

09:00

Attended a Lower House Budget Committee meeting.

12:06

Arrived at the Kantei.

13:00

Returned to the Lower House Budget Committee meeting.

17:32

Attended a meeting of the Council on Economic and Fiscal Policy at the Kantei.

19:33

Dined with Special Advisor to the LDP President Shimamura at a Japanese restaurant in Kioicho.

21:53

Returned to his official residence.

4) U.S. Secretary of State Clinton to visit Japan in mid-February

NIKKEI (Page 2) (Full)
February 4, 2009

A government source revealed last night that U.S. Secretary of State Hillary Clinton will visit Japan in mid-February. Secretary Clinton is expected to meet with Prime Minister Taro Aso, Foreign Minister Hirofumi Nakasone and other government officials. The notion is floated for her stay in Tokyo on Feb. 13-14. According to sources familiar with Japan-U.S. relations, the Secretary plans to visit China and South Korea afterward. The purpose of her Asian tour is to demonstrate the Obama administration's policy of placing emphasis on Asia.

5) Foreign Minister Nakasone informs Afghan counterpart of 300 million aid package

NIKKEI (Page 2) (Full)
February 4, 2009

Foreign Minister Hirofumi Nakasone held telephone talks with his Afghan counterpart Spanta, during which Nakasone informed Spanta of Tokyo's plans to provide 300 million dollars in aid as part of Japan's additional assistance for strengthening the monitoring of the presidential election, as well as for food aid. Spanta responded: "We would like to make efforts in cooperation with Japan for the reconstruction of our country."

6) Japan's relief supplies to Gaza kept in Egypt for 10 days

YOMIURI (Page 2) (Excerpts)
February 4, 2009

Mina Mitsui, Jerusalem

TOKYO 00000263 004 OF 010

The relief supplies Japan sent to the residents affected by the conflict in the Gaza Strip, an autonomous area of the Palestinians, has been kept in Egypt for 10 days, according to informed sources yesterday.

The relief materials worth 90 million yen include 29,000 blankets and 8,000 blue sheets. The supplies were handed over to the United Nations Relief and Works Agency (UNRWA) at an airport in Egypt, located near the border with Gaza, on Jan. 24. Relief materials are usually sent to Gaza through Israel. According the Japanese Embassy in Egypt, however, UNRWA has given priority to transporting foods, given that the Israeli government has placed strict restrictions on physical distribution out of fear that Hamas, the Sunni Muslim Palestinian extremist group, could arm themselves again. Given this, the transport of goods sent from Japan and other countries to the Gaza Strip has been largely delayed.

7) Yen loans to Vietnam to be resumed shortly

MAINICHI (Page 5) (Full)
February 4, 2009

The Ministry of Foreign Affairs (MOFA) at a joint foreign relations-related meeting of the Liberal Democratic Party's (LDP) revealed a plan to shortly start extending fresh yen loans to Vietnam. Fresh yen loans have been suspended since last August due to a bribery scandal, in which a leading consulting company offered a bribe to an official of Ho Chi Minh City.

The showcase of measures to prevent a recurrence include (1) participation of a third party in pre-contract screening; (2) implementation of ex post facto auditing of yen loan-financed projects; and (3) establishment of a whistle-blowing system on irregularities and the protection of whistle-blowers. MOFA will determine when to resume yen loans to that nation, after seeing progress on the investigation into the scandal in Vietnam.

8) North Korea's preparations for Taepodong launch may be designed to pose a threat to U.S. for sake of eliciting negotiations

SANKEI (Page 3) (Excerpts)
February 4, 2009

Katsuhiko Kuroda, Seoul

North Korea, which has been engaged in a strategy to heighten tensions since early this year, is preparing to launch a long-range ballistic missile, it has been learned. If carried out, the launch would be the first in three years since 2006. Certain to irritate the international community, including Japan, the United States, and South Korea, the launch would result in creating a crisis situation on the Korean Peninsula.

Preparatory moves, such as the transport of a large container to a missile base, have been detected by U.S. reconnaissance satellites. It is said that it takes substantial time to actually launch a missile. Considering the fact that the missile base's moves are so clear that satellites can detect them, the whole scheme might be "imitative deception" to diplomatically intimidate the international community.

The General Staff of the North Korean People's Army released a

TOKYO 00000263 005 OF 010

statement on January 17 declaring that it would take an "all-out confrontational posture" against South Korea. Further, on January

30, the Committee for the Peaceful Reunification of Korea declared that the North would nullify all the political and military agreements with the South apparently in an effort to raise tensions, indicating that the peninsula was on the verge of war.

Because the North is calling for the nullification of the North-South military demarcation line in waters off the western coast (Yellow Sea), some are worried about a possible military clash with South Korea.

Nevertheless, the prevailing view in Seoul is that the North is preparing to launch a long-range missile this time around with an eye on the United States. By linking the planned missile launch to the nuclear issue, Pyongyang is seemingly trying to bring the Obama administration to the negotiating table with the North, as a "nuclear power."

A North Korean Foreign Ministry spokesman on January 13 underlined Pyongyang's stance to realize the denuclearization of the peninsula through nuclear arms reduction talks, indicating that the normalization of relations with the United States must be prioritized over North's nuclear abolition. As seen from this, the North has insisted on talks with the United States on equal footing as a "nuclear power."

The North's ongoing open preparations for a long-range missile designed to pose a threat to the United States is part of Pyongyang's strategy to turn the Obama administration's eye toward that country.

9) Aso: I will not comment on this sort of story

SANKEI (Page 3) (Full)
February 4, 2009

Prime Minister Taro Aso, touching on North Korea's preparations for a Taepodong-2 long-range missile launch, simply said last night: "I will not comment on this sort of story. I will not tell you how long I have known about it. (Doing so) would raise questions about the information-gathering capability of this side." The prime minister was responding to a question from the press corps at his official residence.

Meanwhile, Defense Minister Yasukazu Hamada in a press conference yesterday made this comment: "The Defense Ministry has constantly been collecting information on the trend connected with North Korea's ballistic missiles. I have all kinds of information, but considering the nature of the matter, I would like to refrain from making any comment."

Foreign Minister Hirofumi Nakasone, too, told the press yesterday: "We have been collecting and analyzing information, but I would like to refrain from making any comment on the matter. If (the danger) is imminent, appropriate measures must be taken."

Foreign Ministry Press Secretary Kazuo Kodama, in a press briefing yesterday, indicated that the government would cautiously analyze the North's trend, saying: "(The missile issue) is vital from a viewpoint of the security of our country, the peace and stability of the world, and the nonproliferation of weapons of mass

TOKYO 00000263 006 OF 010

destruction."

10) DPJ: What's a pirate?

SANKEI (Page 5) (Full)
February 4, 2009

The leading opposition Democratic Party of Japan (Minshuto) held a meeting of its foreign affairs and defense division yesterday for the Japan Coast Guard's briefing on damage caused by pirates to commercial ships in waters off the eastern African coast of Somalia. In the meantime, the government has decided to send Maritime Self-Defense Force destroyers to Somalia waters for an antipiracy mission by invoking an action for maritime policing activities under

the Self-Defense Forces Law. While the Social Democratic Party and the People's New Party are opposed to the MSDF dispatch, the DPJ still remains uncommittal. In the meeting, however, there were even questions asking about the meaning of pirates. The DPJ appears to be falling behind in dealing with the piracy issue.

The DPJ discussed the piracy issue in its foreign affairs and defense division's two meetings held in December last year. However, the government and the ruling parties began early in the new year to heat up their discussions on the advisability of sending the Self-Defense Forces to waters off Somalia. The DPJ panel discussed the issue for the first time this year. The ruling coalition of the Liberal Democratic Party and the New Komeito will send its antipiracy project team to Djibouti and Bahrain on a Feb. 8-13 schedule for an inspection of local scenes. In addition, the ruling parties are also working on new legislation for Japan to mobilize SDF vessels for antipiracy measures. Meanwhile, the DPJ has begun at last to study antipiracy measures.

In yesterday's meeting, however, the DPJ did not seem to have made headway. Yukihiisa Fujita, a DPJ lawmaker seated in the House of Councillors, asked the Foreign Ministry: "What is the definition of pirates? Is it terrorism? Are they organized?" In addition, Ikuko Tanioka, another DPJ upper house member, contended: "To begin with, you should exactly tell the self-responsibility of private-sector shipping companies from the responsibility of the state." As seen from such questions, their antipiracy discussions kicked off from a 'what-on-earth' question and a 'to-begin-with' argument.

The government will present a bill to the Diet for the new law. Bearing this in mind, the DPJ wants to firm up its stance within March. However, the DPJ is split since the party is a mishmash of those stemming from various parties. It is not easy to coordinate views within the DPJ. "The DPJ is now beginning to talk about the pirates. They say they don't know what the pirates are. I wonder if they are all right..." So saying, an LDP member was amazed.

11) 2 Kure-based destroyers picked for antipiracy mission in Somalia waters

MAINICHI (Page 2) (Full)
February 4, 2009

The Maritime Self-Defense Force decided yesterday to send two destroyers for an antipiracy mission in waters off the eastern African coast of Somalia. The two MSDF destroyers are the Sazanami and the Samidare, which are assigned to Escort Division 8 based in Kure, Hiroshima Prefecture. MSDF Chief of Staff Keiji Akahoshi

TOKYO 00000263 007 OF 010

revealed the decision in a news conference. Akahoshi also admitted that the MSDF has plans to send P-3C patrol planes and picks from the Special Security Team (SST), which is the Self-Defense Forces' first special taskforce.

"We need to anticipate all possible situations for antipiracy measures, and I think we can utilize the SST's high capability," Akahoshi said. He added: "We must not hurt them excessively. In this sense as well, we need (the SST's) high skills."

12) House panel members to visit Okinawa bases

YOMIURI (Page 4) (Full)
February 4, 2009

The House of Councillors Foreign Affairs and Defense Committee, chaired by Kazuya Shinba, decided yesterday to make an inspection tour of U.S. military bases in Okinawa Prefecture, including the U.S. Marine Corps' Futenma Air Station in the city of Ginowan.

13) Detailed report on questions and answers at Lower House Budget Committee yesterday

MAINICHI (Page 5) (Excerpts)
February 4, 2009

Japan-U.S. relations and North Korean issues

Itsunori Onodera: It has been reported that preparations are underway for Secretary of State Hillary Clinton of the U.S. Obama administration to visit Japan as the destination of her first overseas trip in her new role. Is this a strategic arrangement for the prime minister to visit the U.S.? I ask for your outlook for your visit to the U.S. and your views about issues with North Korea, including the abduction issue.

Prime Minister Aso: I hear that arrangements are being made for State Secretary Clinton to visit Japan. To realize an early meeting between me and the President, the process of schedule coordination has been started. Issues with North Korea include nuclear and missile problems, in addition to the abduction issue. These issues should be tackled in the six-party talks, including the U.S. I (and President Obama) agreed in our earlier telephone conversation on the need for cooperation (between the two countries).

Yoko Kamikawa: The Obama administration has come up with "smart power" as a diplomatic strategy. (Japan) should present proposals in a positive manner.

Aso: That concept is to propose adding such values as cultural power to hard power and soft power. Japan has undoubtedly superior technologies in the software front, such as comics and TV games.

Trade protectionism

Isamu Ueda: Now that an increasing number of countries have resorted to trade protectionism, Japan should display leadership in an international framework.

Aso: Countries' inclination toward protectionism as their economies are in recession shows that they have not learned a lesson from the past great depression. Japan has held out despite the appreciation

TOKYO 00000263 008 OF 010

of the yen against the dollar. In a bid to bring about an agreement at the Doha Round (under the World Trade Organization global trade talks), Japan is making utmost efforts.

Japanese version of Green New Deal

Keiichi Ishii: How has Japan grappled with the task of creating the Japanese version of the Green New Deal?

Environment Minister Tetsuo Saito: Under the Green New Deal program, measures will be taken to stem global warming and to revitalize economic activities. The government is determined to revitalize its economy by developing technologies to generate solar power - the world's highest level - as well as to produce next-generation automobiles and to secure jobs.

14) Nishimatsu Construction subsidy donated 8 million yen to three DPJ's Ozawa-affiliated groups

TOKYO SHIMBUN (Top Play) (Excerpts)
February 4, 2009

Tokyo Shimbun has learned that Shoei Real Estate, located in Minato Ward, Tokyo, a subsidiary of Nishimatsu Construction Co., a second-tier general construction contractor also located in Minato Ward, had made political contributions totaling 8 million yen to the local branch division led by Democratic Party of Japan (DPJ) Chairman Ichiro Ozawa, the DPJ Iwate Chapter and the former Liberal Party since 2000. It has already been found that Nishimatsu Construction had illegally made political donations to those three organizations. It is now suspected that Nishimatsu Construction had used its subsidiary as well as its own political organizations as a cover for its illegal political donations.

According to Shoei Real Estate's income and expenditure report on political funds, major recipients of the company's political donations made from 2000 through 2007 included The DPJ local branch division led by Ozawa -- 4 million yen, the National Council on

Reform of the former Liberal Party -- 3 million yen, the Liberal Democratic Party (LDP) local branch office led by Upper House member Akio Sato -- 1.2 million yen, the DPJ Iwate Chapter -- 1 million yen and the LDP local branch division led by Shinya Izumi, the former National Public Safety Commission Chairman -- 490,000 yen.

The New Political Issues Study Group and the Future Industry Study Group established by former Nishimatsu Construction executives annually donated political funds worth between 1 and 5 million yen to the Ozawa-led local branch division, the National Council on Reform and the DPJ Iwate Chapter, until they were disbanded in 2006. The New Political Issues Study Group in 2003 purchased fund-raising party tickets worth 500,000 yen from the LDP local branch office of Izumi, when he was a member of the former New Conservative Party, and such tickets worth 480,000 yen from his fund-managing organization.

According to a private investigation firm, Shoei Real Estate is Nishimatsu Construction's wholly owned company. Two former Nishimatsu Construction executives, who served as the chairmen of the company's political organizations, respectively served as sales department manager and an auditing officer at Shoei Real Estate.

In the case of Nishimatsu Construction's violation of the Foreign

TOKYO 00000263 009 OF 010

Exchange and Foreign Trade Control Law, portions of slush funds smuggled into the country from abroad are suspected of having been pooled at Shoei Real Estate by the former president (67), released from custody on February 3 with disciplinary action deferred, at the order of the former Nishimatsu Construction President Mikio Kunisawa (70), arrested over the suspicion of violating the said law.

15) Ex-Agriculture Ministry official received 320 billion yen through watari practice, hopping to six organizations

SANKEI (Page 5) (Full)
February 4, 2009

In a meeting of the House of Representatives' Budget Committee yesterday, Democratic Party of Japan (DPJ) member Goshi Hosono reported that an ex-official of the Ministry of Agriculture, Forestry and Fisheries (MAFF) who once served as Fisheries Agency director general had received a total of 320 million yen in income by assuming posts arranged by the ministry after retirement multiple times, the so-called watari practice.

Hosono pointed out that his predecessors and successors at the entities in which the ex-official had worked also used to be MAFF senior officials. Focusing on this fact, he said that channels for the watari practice might have been established and then asked the government to launch an investigation.

According to Hosono, this former bureaucrat landed lucrative jobs at a total of six organizations, including the National Association of Racing. The total income earned from five organizations, except for the one in which he got the first postretirement post, reportedly reached at least 170 million yen.

Agriculture, Forestry and Fisheries Ministry's Chief Secretary Masanori Sato admitted that the ministry had arranged the official in question to assume the postretirement posts, saying: "Since we were asked by the organizations to introduce a proper person, we handed data over to them and they hired him." But regarding arrangements for his predecessors and successors, he replied, "I do not have the facts."

16) Japanese people most pessimistic among 17 countries about economy

ASAHI (Page 5) (Full)
February 4, 2009

Private research agencies of 17 countries, including major developed countries, China and India, have found in their polls that Japanese people are most pessimistic about the future of their country's

economy amid the global financial crisis. The Japanese people's confidence in their government's response to the financial crisis was the lowest, marking only three points out of 10. Nippon Research Center, a Japanese research company, analyzes that in the background there is the Japanese public's distrust in politics, even though the result may be a reflection of Japanese national character.

The polls were conducted last November and December through the telephone and Internet and interviews. Nippon Research Center carried out its survey on Internet. A total of 14,600 people were surveyed in the 17 countries. In Japan, 1,040 were polled.

TOKYO 00000263 010 OF 010

Asked about their countries' economic prospects over the next three months, only two percent of Japanese pollees, the lowest along with Briton among the 17 countries, said that the economy would get better. Among emerging countries, 39 PERCENT of Indian people forecast that their economy would recover; 34 PERCENT in Brazil and 27 PERCENT in China. Seventy percent of the Japanese people predicted that the economy would worsen, the second-lowest following Britain. Only 46 PERCENT of Americans, who have high hopes for President Barack Obama, said that the U.S. economy would deteriorate.

Forty-five percent -- the third highest among the 17 countries -- of the Japanese people said their incomes for one year from now would decrease. The Japanese people's judgment on the stability of the country's banking institutions and sock market was the fourth lowest level. The Japanese respondents expressed pessimism toward most question items.

Although Prime Minister Taro Aso proudly has said that the 75-trillion yen economic package is the largest scale in relation to GDP (gross domestic products) among various countries, he appears to have failed to provide the sense of security to the Japanese public.

17) Japan Business Federation to close office in U.S.

TOKYO SHIMBUN (Page 9) (full)
February 4, 2009

Jiji, Washington

The Japan Business Federation (Keidanren) has decided as of Feb. 3 to close at the end of March its office in Washington. This is its only overseas office.

Keidanren has made the decision as part of its reorganization plan. The economic organization will contact U.S. political and business circles from its Tokyo office in order to maintain and strengthen its relations with them. However, the closing of Keidanren's Washington office, which has been a window for gathering and dispatching information, will likely have a subtle impact on Japan-U.S. private level exchanges.

In an attempt to respond to U.S. criticism of Japan's huge trade surplus, Keidanren in 1992 set up in New York an office of Keizai Koho Center (KKC), its sister organization. In 1997 the KKC moved its office to Washington. Since 2000, Keidanren also has used the office for its activities.

Following the settlement of the trade friction between the two countries, the Iron and Steel Federation closed its Washington office in 2006. Japanese companies have decreased or withdrawn expatriate staff members in Washington. Amid the economic slump, such moves will further increase.

ZUMWALT